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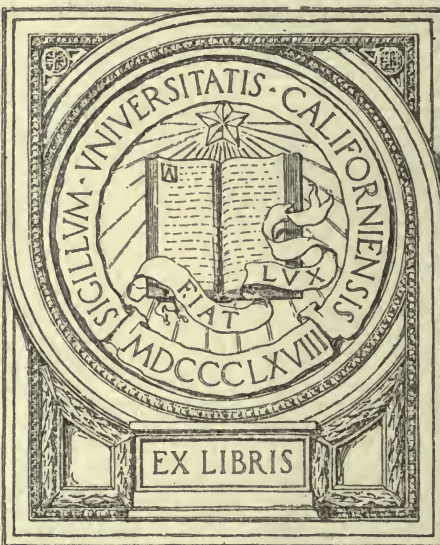
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Book-Keeping Notes for Cambridge Senior Local

With Examination Papers and One
Fully-Worked Key

BY

H. LOGAN RAMSEY, B.A. (Cantab)

Assistant Master Cambridge and County School for Boys

CAMBRIDGE : W. HEFFER & SONS LTD.

1922

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Economics Nothing

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Preface

THIS little book is intended primarily for students who are preparing for the examination in Book-keeping as set by the Cambridge Senior Local Authorities; and the student who works through the whole of the papers should have no difficulty in passing the examination.

In addition to being useful to candidates, I hope it may be found to supply teachers in Secondary Schools (and teachers in other schools who prepare pupils for this examination) with a convenient form of reference for class work.

As the examination seeks to test candidates in their knowledge of Partnership A/Cs., I have confined the notes as far as possible to questions on Partnership only.

Cambridge Senior Local Examinations are held in July and December in each year. Book-keeping, which cannot be taken alone, is one of the optional subjects.

In conclusion, I wish to thank the Cambridge Local Syndicate for their kindness in allowing me to reprint the Senior Book-keeping papers.

H. LOGAN RAMSEY.

CAMBRIDGE,

December, 1921.



Mercantile Firms

A firm usually consists of two or more individuals carrying on business together in partnership. A firm cannot by law exceed twenty persons, while in banking business ten is the limit.

The members of a firm are called partners, the partners collectively are called the firm, and the name under which the business is carried on (e.g. "Brown, Jones & Co.") is called the *firm name*, or style of the firm.

The partnership is usually entered into by an agreement, called the Articles of Co-Partnership. This specifies the conditions of the partnership, and, if for a fixed term, the duration thereof.

There are two principal kinds of partners, viz., active and dormant. Active or ordinary partners are those who are actually engaged in carrying on the business. Dormant, sleeping, or silent partners are persons who are publicly known as partners, but who share in the profits and are equally responsible to the creditors of the firm.

Each partner is entitled to share in the profits of the firm, according to the terms of the partnership agreement, and each partner is of course jointly liable for the debts and obligations of the firm incurred while he was a partner.

The law of partnership is contained in the Partnership Act, 1890.

A single individual may, and frequently does, carry on business in the name of a firm, e.g., John Smith might trade as Brown, Robinson & Co. There is nothing to prevent this, but the person carrying on the firm is of course liable for all debts, etc.

Points to be Remembered in Regard to Partnership

- I. A partner's interest in the firm cannot be transferred without the consent of the other partners.
- II. If a partner dies it may cripple the partnership to pay out of the concern the deceased partner's capital, if that be required.

III. A partner's liability for the debts incurred by the firm is unlimited.

IV. Partners, as a rule, are managers of the partnership business.

V. All partners share in profits and share the losses; the proportions in which they divide may differ or vary as between different partners, and may or may not be calculated according to the proportionate amount of the capital contributed by each partner.

NOTE.—Partnerships in which the liability of one or more of the members may be limited to a certain specified sum can now be formed under the "Limited Partnership Act, 1908."

Essentials for Good Book-keeping

I. Good penmanship.

II. Accuracy.

III. Sound knowledge of commercial arithmetic.

IV. Neatness.

V. Thorough knowledge of the principles of "double entry."

DEBIT SIDE.—Left-hand side of an A/c.

CREDIT SIDE.—Right-hand side of an A/c.

Debit, what comes IN.

Credit, what goes OUT.

Debit Losses.

Credit Gains.

ASSETS.—What the business OWNS.

LIABILITIES.—What the business OWES.

CAPITAL.—Excess of Assets over Liabilities.

A man is said to be *solvent* when he can pay, and *insolvent* when unable to pay all just debts. When the Liabilities of a firm are greater than the Assets, the excess is called "Deficiency."

Correct Order of Accounts in the Ledger for the Cambridge Senior Local Examination

- I. Each partner should have a separate Capital A/c.
- II. The Drawings or Current A/c should follow the Capital A/c of the partner concerned.
- III. Money A/cs.
- IV. Bills Receivable and Bills Payable A/cs.
- V. Personal A/cs.
- VI. Property A/cs.
- VII. Goods and Consignment A/cs.

Drawings of partners are those amounts which are withdrawn by them from the firm for their private use during the progress of the business in anticipation of profits. These sums *must not* be debited to their Capital A/c, but to a subsidiary A/c, known as Drawings A/c. Each partner will have his own Drawings A/c. The Interest allowed on the Capital of each partner as well as his share of the profit realised or loss sustained, must be placed to his Capital A/c unless a Current A/c is kept in which case they may be transferred thereto.

Drawings and Current A/cs are balanced in the ordinary manner, but being subsidiary to the Capital A/cs, the difference of each must be transferred to the Capital A/c affected.

NOTE.—Never post the value of goods bought and sold on credit “To” or “By” Bank, because no money has been passed.

e.g. (a) Purchases Dr.
 To the Person Cr.

(b) The Person Dr.
 To Sales Cr.

Subsidiary Accounts to Profit and Loss A/c

Rent.

Discount.

Interest.

Bad Debts.

Depreciation.

Commission.

Repairs.

Expenses.

Partner's Salary. (Must always be charged to Profit and Loss A/c.)

DEFINITIONS

Interest and Discount.—Interest is the price paid for the loan of capital, whereas Discount is the price paid for the loan of legal tender.

Rent.—If any particular form of capital is borrowed, e.g. machines, buildings, etc., we call the payment for its use not "interest," but "Hire," or "Rent."

Commission.—Your profit for effecting a sale on a merchant's account. Commission can be either "earned" or "paid away."

Bad Debts.—These are the result of a customer purchasing goods and failing to pay for them.

Depreciation.—A periodical deduction in respect of the diminished value of any form of property caused by wear and tear and obsolescence.

Journal paper can be used to advantage for Trading, Profit and Loss and Net Profit or Loss A/cs, also Balance Sheet.

TO FIND GROSS PROFIT OR LOSS

Credit Trading or Goods A/c with the value of the goods on hand at the end of the period under consideration and find the difference between Debits and Credits. If the Credit side is greater than the Debit side, there is a Gross Profit. If the Debit side is greater than the Credit side there is a Gross Loss.

TO FIND NET PROFIT OR LOSS

Bring down Gross Profit to the credit of the Profit and Loss A/c or Loss on Trading to debit of Profit and Loss A/c.

Debit Profit and Loss A/c with Gross Loss.

Credit Profit and Loss A/c with Gross Profit.

Close all Subsidiary A/cs "To" or "By" Profit and Loss.

Now find the difference between the Debits and Credits in the Profit and Loss.

If the Debit side is greater than the Credit side there is a Net Loss.

If the Credit side is greater than the Debit side there is a Net Profit.

The Ledger should not be closed until the Net Profit or Loss for each partner has been ascertained.

When the accounts have been closed all balances should be brought down to the opposite side of each Ledger A/c "To"—or "By"—Balance, by dating them for the first of next month. When this is done a Balance Sheet should be opened.

It will be found that Journal paper is more convenient for the setting out of a Balance Sheet for the reason that there will be more room for the formation of figures and the extending of totals.

Debit balances not transferred to Profit and Loss A/c should be brought down, and these represent Assets to appear in the Balance Sheet.

Credit balances not transferred to Profit and Loss A/c should be brought down, and these represent Liabilities to appear in the Balance Sheet.

Liabilities are placed on the left-hand side and Assets on the right-hand side of the Balance Sheet.

The words "To," "By," "Dr." and "Cr." should be omitted in the Balance Sheet because it is not a Ledger A/c, but a Statement of Assets and Liabilities showing the financial position of the firm at a certain date.

As its name implies, a Balance Sheet is merely a sheet of balances.

As to the order in which the Liabilities and Assets are stated in a Balance Sheet there is no law whatever, and the practice of the best accountants varies in many respects.

Generally speaking, in marshalling or arranging the order of Assets on the Balance Sheet, fixed Assets should be placed first, followed by those not readily realisable, Bank Balance appearing last.

Correct Order of Accounts in The Balance Sheet

ASSETS

Money A/cs.
Bills Receivable.
Reserve (Investment).
Sundry Debtors.
Payments in advance.
Stock.
Property.
Goodwill.

LIABILITIES

Bank (Overdraft).
Bills Payable.
Sundry Creditors.
Small Outstanding A/cs.
Reserve Fund A/c.
Capitals or Capital.

A Reserve Fund is a fund created out of Profits to meet possibilities and contingencies. In the case of a Limited Company it could be used for equalisation of dividend, or to meet some extraordinary loss, e.g. on sale of machinery or property. This fund is created by debiting the Net Profit A/c and creating a Reserve Fund A/c. When an amount of money is invested in some Specific Investment that investment becomes the "Reserve Fund." A Reserve Fund is not an Asset; but the Investments representing this fund may be headed "Reserve Fund INVESTMENT ACCOUNT."

Goodwill

This is a matter which frequently arises in connection with Partnerships. Goodwill is the benefit accrued to a business through its reputation and connections. It has been said that "it is the probability that the old customers will resort to the old place." Goodwill cannot be so readily bought and sold as more tangible assets, but it nevertheless possesses real value, and when private businesses are turned into Limited Liability Companies a large part of the purchase-money is usually accounted for by this item alone. Similarly, when a new Partner is taken into an existing Partnership he frequently, in addition to the capital he has agreed

to contribute, is called upon to pay a sum of money, termed a Premium, in consideration of the goodwill attaching to the Partnership. This Premium is divided amongst the existing Partners of the business in the ratio in which they share profits, and is not to be confused with the capital of the new partner, from which it is quite distinct. The old partners may take their respective shares of the premium right out of the business or allow it to remain in the business and thus increase their capital holdings.

The balance of Goodwill A/c is carried to the Balance Sheet, and must appear on the Asset side.

Reconciliation Statement

At frequent intervals every trader should compare the Bank Pass Book with his Cash Book. The balance shown in the Pass Book will not usually agree with the Bank balance shown in the Cash Book. The difference will arise from the extra charges, interest, expenses of collection, etc., which must be entered in the Cash Book from the Pass Book, and also from the fact that some cheques issued by the trader to his creditors may not have been presented to the Bank for payment at the time the Pass Book was written up, and therefore do not appear on the Cr. side; or because Irish and Scotch cheques paid into the Bank have not yet been collected and therefore do not appear on the Dr. side. The cashier should then draw up a Reconciliation Statement, and write the details of the statement at the foot of the monthly ruling-off of the Cash Book, thus:—

BANK RECONCILIATION STATEMENT, DECEMBER 31ST, 1921.

	£	s.	d.	£	s.	d.
Balance as per Bank Pass Book.				618	10	9
Deduct cheques drawn but not yet debited:						
Warren & Sons	12	10	9			
Finch & Co.	8	7	6			
Mitchell Bros.	53	2	1			
				74	0	4
				544	10	5
Add cheques paid in but not yet credited:						
Simson, Edinburgh	190	10	8			
Armour, Belfast	80	11	7			
				271	2	3
Balance as per Cash Book ...				£815	12	8

Form of a "DRAFT," i.e., BEFORE it is Accepted.

No. 7, GLASGOW,
31st Dec., 1921.

£550.

Two months after date, pay to me, or my order, the sum of Five Hundred and Fifty Pounds sterling, for value received.

CHARLES STIRLING.

To Mr. S. GLOVER,
570, Petty Cury,
Cambridge.

This "Draft" has no intrinsic value as it is only a request to Mr. Glover to pay money. When this document is "Accepted" by Mr. Glover, it becomes of value, i.e., has power in exchange, and it is then called a "bill" or "acceptance."

Form of a "Bill," or "Acceptance" (B/E.)

No 7, GLASGOW,
31st Dec., 1921.

£550

Due February 28th, 1922:

Stamp.

9/-

Two months after date, pay to me, or my order, the sum of Five Hundred and Fifty Pounds sterling, for value received.

CHARLES STIRLING.

To Mr. S. GLOVER,
570, Petty Cury,
Cambridge

Accepted

Sidney

Glover.

Form of a "Promissory Note" (P/N.)

£550.

570, PETTY CURY,
CAMBRIDGE.
31st December, 1921

Stamp.

9/-.

Due February 28th, 1922

Two months after date, I promise to pay to Mr. Charles Stirling, or order, the sum of Five Hundred and Fifty Pounds sterling, for value received.

S. GLOVER.

To Charles Stirling this is a Bill Receivable, and his Journal entry is:—

Bills Receivable Dr.

To S. Glover Cr.

To Sidney Glover this is a Bill Payable, and his Journal entry is:—

S. Glover Dr.

To Bills Payable Cr.

Difference BETWEEN AN "I.O.U.," and a PROMISSORY NOTE.

An "I.O.U." is a written document unstamped acknowledging a debt, and has no "negotiable" value. A PROMISSORY NOTE is a written promise on stamped paper to pay a specified sum at a given date.

Bills

- I. When a debtor gives me a written promise to pay his account at some future date it is called a "Bill Receivable."
- II. When I give a creditor a written promise to pay him at some future date it is called a "Bill Payable."

How to Post

(a) Bills Receivable Dr.
 To the Person Cr.

(b) The Person Dr.
 To Bills Payable Cr.

CONTRACTIONS USED IN CONNECTION WITH BILLS

P/N = Promissory Note.

B/E = Bill of Exchange.

m/d = Months after date.

d/d = Days after date.

d/s = Days after sight.

a/s = At sight.

A cheque is a B/E payable on demand.

A Bank Bill is equivalent to a "Bill at Sight."

PHRASES USED IN CONNECTION WITH BILLS

To "meet," "retire," "redeem," and "honour" a bill, all means to pay when due.

Discounting Bills

To "discount a bill" means to receive money for a bill before it has matured, i.e. before it is due. Under these circumstances the receiver of the money must be prepared to lose a little for discount. The amount deducted for discount is the Broker's or Banker's reward for services and risk taking.

How to Post BILLS YOU HAVE DISCOUNTED

Bank Dr.

Discount:

 To Bills Receivable Cr.

HOW TO POST A BILL THAT HAS BEEN DISHONoured BY A CUSTOMER

Acceptor Dr. (with amount of Bill plus charges).

 To Bills Receivable Cr.

 To Bank Cr.

"To draw on a person" means to receive a bill.

Reserve for Bad Debts

("To write off as a provision for Bad Debts.") Calculated on the amount owing by Sundry Debtors.

How to Post

Bad Debts Dr.

 To Bad Debts Reserve Cr.

Bad Debts A/c closes to Profit and Loss.

Bad Debts Reserve A/c closes to balance and will appear on the Asset side of the B/S as a deduction from Sundry Debtors.

Consignments Outwards

How to Post

(a) Consignment to Turin A/c Dr.

 To Goods or Sales A/c.

(Vide 1921 Examination.)

- (b) When expenses are paid on such a consignment, debit Consignment A/c and credit Bank A/c.
- (c) When the proceeds of a Consignment have been received, debit Bank and credit Consignment.
- (d) Close the balance of Consignment A/c to Profit and Loss.

Consignments Inwards

1. When you receive a Consignment of Goods to sell for another person, debit the Owner's Consignment A/c and credit his Personal A/c.

2. When you pay expenses on a Consignment received debit the Owner's Personal A/c and credit Cash (or Bank).

3. When you sell his Goods, debit the persons to whom you sell, and credit the Owner's Consignment A/c. If sold for Cash, debit Cash (or Bank), and credit the Owner's Consignment A/c.

4. Debit the Owner's Personal A/c and credit Commission.

5. Transfer the Balance of the Owner's Consignment A/c to the Owner's Personal A/c.

Outstanding Accounts

An O/S A/c should be opened when a sum of money is "due" or "not paid," e.g. Rent, Wages and Insurance *due*.

How to Post

Rent A/c Dr.

 To Rent O/S A/c Cr.

Wages A/c Dr.

 To Wages O/S A/c Cr.

Insurance Dr.

 To Insurance O/S A/c Cr.

Rent, Wages and Insurance close to Profit and Loss in the ordinary way, and the O/S A/cs will appear among the Liabilities in Balance Sheet.

Where payments have been made in advance such as Rates, Insurance, Advertising, etc., these accounts should be credited and "Payments in Advance" debited, the total of this latter A/c appearing on the Balance Sheet as an Asset.

Trading A/c

Dr. Side.

1. To Stock on hand at the beginning of the period.
2. ,, Purchases.
 Less Returns.
3. ,, Wages or Productive Wages.
4. ,, Gross Profit. (When credits exceed debits.)

Cr. Side.

1. By Sales.
 Less Returns.
2. ,, Stock on hand at the end of the period.
3. ,, Gross Loss. (When debits exceed credits.)

Points to be Remembered in Connection with the Trading Account

1. All items entered in the Trading A/c and Profit and Loss A/c will appear on the same side in the Trial Balance; while in the Balance Sheet they are entered on the opposite side.
2. When "Wages and Salaries" are joined in one a/c they must be entered in the Profit and Loss A/c, but when "Wages" and "Salaries" are separated, put "Wages" in Trading A/c and "Salaries" in Profit and Loss A/c.
3. Printing, Advertising, Travelling Expenses, Coal and Coke, Gas and Fuel, etc., if a large amount, should be entered in Trading A/c., but if a small amount put them in the Profit and Loss A/c. If in doubt, place in Profit and Loss A/c.
4. Anything that tends to increase the cost of production of Goods must be placed in the Trading A/c.
5. Goods on hand at the beginning of the period under consideration are given in the Trial Balance, while Goods on hand at the end of the period are not; the former will be debited and the latter will be credited to the Trading A/c.
6. In a Trial Balance the debits will consist of Assets and Losses, while the credits will be Liabilities and Gains.
7. If a "Reserve for Bad Debts" appears in the Trial Balance, and a new Reserve is to be created, cancel (or "write back") the old Reserve by crediting Profit and Loss A/c. The new Reserve will then be treated in the usual manner.

Trial Balance

Its use. To prove the postings in the Ledger. It should be noted that although the totals of Trial Balance may agree, it does not prove conclusively the accuracy of the accounts, as it will not disclose the following errors:—

1. An amount posted to the wrong account, although on the right side of the Ledger.
2. An error in the book of original entry, such as the purchase of goods amounting to £63 7s. od. entered in the Purchases Book as £6 3s. 7d.

A Trial Balance may not agree for the following reasons:—

1. Omission to post an item from the book of original entry to the Ledger.
2. Mistake in posting an item such as £6 3s. 7d. for £63 7s. od.
3. Posting an item to the debit instead of to the credit, or *vice versa*.
4. Extracting the balance as a debit instead of a credit, or *vice versa*.
5. Omitting a balance altogether.
6. Incorrect casting.
7. Indifferent subtraction.

NOTE.—From the Trial Balance the Profit and Loss A/c and Balance Sheet can be prepared.

Specimen Trading and Profit & Loss A/cs & Balance Sheet

TRADING A/C.

Dr.		Cr.	
1922	1922	June 30.	By Sales
Jan. 1. To Stock	£ 5670	..	..
" 30. " Purchases	..	..	..
" 30. " Wages	..	..	..
" 30. " Gross Profit	..	..	..
	£7794		

PROFIT AND LOSS A/C FOR THE 6 MONTHS ENDED 30TH JUNE, 1922.

To Rent ..		By Gross Profit from Trading A/c	
" Bad Debts	"	..	..
" Net Profit	"	..	..
	£ 150		£ 388
	120		
	118		
	£388		£388

NET PROFIT A/C.

	£	s.	d.		By Net Profit	£
To Reserve for Bad Debts	..	11	16	0	..	118
„ Rushmore's Capital A/c	..	53	2	0	..	..
„ Sloman's Capital A/c ..	..	53	2	0	..	..

The following instructions apply to all the papers on the succeeding pages:—

All payments are made by cheque and all amounts received are paid into the Bank on receipt.

Post into the Ledger the opening balances and transactions; no Journal is required. Take out a Trial Balance, Balance the Ledger, and then prepare a Trading and a Profit and Loss A/c, according to the agreement. Make out a Balance Sheet.

Appropriate subsidiary accounts are to be opened in the Ledger, and the Profit and Loss A/c opened only after all the transactions have been posted into the Ledger.

(1) 1906.

14 DECEMBER, 1906. $3\frac{1}{2}$ to $5\frac{1}{2}$ or 4 to 6.

Book-keeping

[Handwriting and neatness of work will be considered in awarding marks.]

George and Henry Johnson are partners on the following terms:

1. Each to receive 5 p.c. interest on the amount of his capital in the business.

2. George Johnson is managing partner, and receives a salary of £200 per annum, payable half-yearly. Henry Johnson is a sleeping partner, and receives no salary.

3. Depreciation of plant to be reckoned at 10 p.c. per annum.

4. The net profit or loss to be ascertained at the end of each year and divided between the partners, one-third to go to George Johnson and two-thirds to Henry Johnson.

On December 31, 1904, the plant was valued at £1460; stock in hand at £3970; George Johnson's capital was £2000, and Henry Johnson's was £4000.

On November 30, 1905, the Ledger of the firm showed the following balances:—

	Dr.	Cr.
	£	£
George Johnson (Capital A/c as on Jan. 1)		2000
Henry Johnson (Capital A/c as on Jan. 1)		4000
George Johnson (Current A/c, half-year's salary, see clause 2)	100	
Williams & Co.	330	
Brown & Co.	212	
Edwards & Co.		463
Purchases	3962	

CAMBRIDGE SENIOR LOCAL

23

	Dr.	Cr.
	£	£
Sales		5332
Wages and Office Expenses	1213	
Bills Payable		250
Bills Receivable	350	
Cash at bank	448	
Plant (as on Jan. 1)	1460	
Stock (as on Jan. 1)	3970	
	<u>£12045</u>	<u>£12045</u>

Open the Ledger with the above balances, and post the following transactions for the month of December, 1905:—

	£
Dec. 4. Sold goods for cash	37
„ 6. Sold goods to Brown & Co.	125
„ 7. Accepted Edwards & Co.'s draft for £200	200
„ 11. Williams & Co., having previously been declared bankrupt, pay a first and final dividend of 2s. in the pound	33
„ 12. Sold goods for cash	67
„ 14. Cashed Bill Receivable, due to-day	150
„ 18. Received Cheque from Brown & Co.	150
„ 21. Bank paid Bill Payable, due to-day	100
„ 30. Paid wages and office expenses	112
„ 30. George Johnson draws his salary for the half-year	100
„ 31. Stock	4290

(2) 1906.

15 DECEMBER, 1906. $10\frac{3}{4}$ to $12\frac{3}{4}$ or $11\frac{1}{4}$ to $1\frac{1}{4}$.

[Handwriting and neatness of work will be considered in
awarding marks.]

William and Robert Macintosh are partners on the following terms:—

1. Each to receive 5 p.c. interest on the amount of his capital in the business.

2. William Macintosh to receive a salary of £240 per annum and Robert Macintosh a salary of £160 per annum—these salaries to be paid quarterly.

3. Depreciation of plant and machinery to be reckoned at 10 p.c. per annum.

4. The net profit or loss to be ascertained at the end of each year, and to be divided equally between the partners.

On December 31, 1904, the plant and machinery were valued at £3800; stock at £2780; William Macintosh's share of capital was £4000, and Robert Macintosh's £3000.

On November 30, 1905, the Ledger of the firm showed the following balances:—

	<i>Dr.</i>	<i>Cr.</i>
	£	£
William Macintosh (Capital A/c as on Jan. 1)		4000
Robert Macintosh (Capital A/c as on Jan. 1)		3000
William Macintosh (Current A/c, see clause 2)	180	
Robert Macintosh (Current A/c, see clause 2)	120	
Purchases	4935	
Sales		6880
Jones & Co.	227	
Robinson & Co.	326	
Young & Co.		545
Bills Receivable	250	
Wages and Office expenses	1365	
Cash at Bank	442	
Plant and machinery (as on Jan. 1)	3800	
Stock (as on Jan. 1)	2780	
	<u>£14425</u>	<u>£14425</u>

Open the Ledger with the above balances, and post the following transactions for the month of December, 1905:—

		£
Dec. 4.	Sold goods to Jones & Co.	113
„ 6.	Bought goods from Young & Co... .. .	45
„ 9.	Accepted Young & Co.'s draft for £300	300
„ 11.	Sold goods for cash.. .. .	47
„ 13.	Owing to an accident in the workshop £200 worth of machinery is totally destroyed. The machinery is insured at half its value	200
„ 16.	Received from Robinson & Co. a cheque for £200	200
„ 19.	Cashed Bill Receivable due to-day	150
„ 21.	The Insurance Company pays half the value of the machinery destroyed	100
„ 30.	Paid wages and office expenses	126
„ 30.	The partners draw their quarterly salaries	100
„ 31.	Stock	3200

(3) 1909.

(Two hours.)

[Handwriting and neatness of work will be considered in awarding marks.]

Rogers and Stanton are partners in a wholesale business, Rogers being the manager. According to the terms of their agreement:—

1. Each partner is to receive 5 p.c. interest on his capital.
2. Rogers, as manager, receives, in addition, £200 per annum as salary.
3. The profit and loss is to be ascertained at the end of each year, and after providing for interest and the manager's salary, the net profit is to be divided equally between the partners.

On December 31, 1907, stock in hand was valued at £4800, Rogers' share of the capital was £1000, and Stanton's share £4000.

On November 30, 1908, the Ledger of the firm showed the following balances:—

	Dr.	Cr.
	£	£
Rogers (Capital A/c as on Jan. 1)		1000
Stanton (Capital A/c as on Jan. 1)		4000
Williamson & Co.	427	
Cartwright & Co.	332	
Field & Co.		258
Nolan & Co.		327
Purchases	1361	
Sales		3237
Bills Receivable	550	
Bills Payable		150
Cash at bank	677	
Wages	825	
Stock (as on Jan. 1)	4800	
	<u>£8972</u>	<u>£8972</u>

Open the Ledger with the above balances, and post the following transactions for the month of December, 1908:—

		£
Dec.	2. Bought goods for cash	57
„	4. Sold goods to Cartwright & Co.	119
„	5. Cashed Bill Receivable for £100 at a discount of 2% ..	98
„	7. By special arrangement between the partners, Rogers draws £400 for his own personal use, this amount to be debited against his current account	
„	9. Sold goods for cash	129
„	12. Bank paid Bill Payable, due to-day, for £100	100
„	15. Williamson & Co. accept draft for £400	400
„	17. Sold goods to Williamson & Co.	259
„	19. Bought goods from Nolan & Co.	126
„	21. Accepted Field & Co.'s draft for £200 and paid them by cheque £58	258
„	31. Paid wages	75

All payments are made by cheques, and all amounts received are paid into the bank upon receipt. Stock in hand on December 31, 1908, is valued at £4040.

(4) 1909.

(Two hours.)

[Handwriting and neatness of work will be considered in awarding marks.]

Jones and Robinson commence business in 1908, Jones supplying £2000 capital, and Robinson £1500.

By the agreement between them,—

1. The profit or loss is to be ascertained at the end of the year.
2. 10 p.c. of the net profit is to be placed in a Reserve Fund, against which Bad Debts and other accidental losses are to be debited. Jones, who acts as manager, is to receive two-thirds of the remainder and Robinson one-third.

On November 30, 1908 the Ledger of the firm shows the following balances :—

	<i>Dr.</i>	<i>Cr.</i>
	£	£
Jones (Capital A/c)		2000
Robinson (Capital A/c)		1500
Philipson & Co.	227	
Armstrong & Co.	134	
Bird & Co.		295
Jenkins & Co.		179
Purchases of stock	2665	
Sales of stock		2279
Bills Receivable	350	
Cash at bank	504	
Wages	573	
Plant	1800	
	<u>£6253</u>	<u>£6253</u>

Open the Ledger with the above balances, and post the following transactions for the month of December :—

	£
Dec. 3. Sold goods for cash	167
„ 5. Paid Jenkins & Co. £100 on account	100
„ 7. Armstrong & Co. pay a composition of 10s. in the pound, the remainder of their account being written off as a Bad Debt	
„ 8. Sold goods to Philipson & Co.	48
„ 10. Philipson & Co. accept a draft for £200	200
„ 12. Accepted Bird & Co.'s draft for £200	200
„ 14. Sold goods for cash	173
„ 17. Goods to the value of £30 stolen during the night	
„ 19. £15 worth of the stolen goods recovered, the remainder are considered irrecoverable and are written off as a loss	
„ 21. Sold goods for cash	73
„ 28. Bought goods from Jenkins & Co.	95
„ 31. Paid wages	55

All payments are made by cheques and all amounts received are paid into the bank upon receipt. Stock in hand on December 31, 1908, is valued at £1537.

(5) 1910.

(Two hours.)

[Handwriting and neatness of work will be considered in awarding marks.]

Jameson and Hicks are partners on the following terms:—

1. Each partner is to receive 5 p.c. interest per annum on his capital.

2. Each partner is to be at liberty to draw £20 per month, the amount so drawn to be deducted at the end of the year from his share of the profits.

3. The profit or loss is to be ascertained at the end of each year and shared equally between the partners.

On November 30, 1909, the Ledger of the firm shows the following balances:—

	Dr.	Cr.
	£	£
Jameson, Capital A/c (as on Jan. 1)		3000
„ Current A/c (drawings under clause 2)	200	
Hicks, Capital A/c (as on Jan. 1)		2000
„ Current A/c (drawings under clause 2)	180	
Jones & Co.	226	
Barton & Co.	319	
Bailey & Co.		157
Hargreaves & Co.		183
Purchases	1126	
Sales		2540
Bills Payable		170
Bills Receivable	340	
Cash at bank	325	
Wages and Office Expenses	604	
Stock (as on Jan. 1)	2739	
Premises	2000	
	<u>£8050</u>	<u>£8050</u>

Open the Ledger with the above balances, and post the following transactions for the month of December, 1909:—

		£
Dec. 1.	Bought goods from Bailey & Co.	57
„ 3.	Bank paid Bill Payable due to-day	100
„ 7.	Jones & Co. accept our draft for	200
„ 10.	Sent goods of the value of £56 for sale by auction	56
„ 13.	Paid Hargreaves & Co. £176 and were allowed discount £7	183

CAMBRIDGE SENIOR LOCAL

29

£

48

Dec.	15.	Sold goods to Jones & Co.	29
„	16.	Received from the auctioneer for the goods sent on Dec. 10 a cheque for £68, being the price at which the goods were sold, less his commission	48
„	18.	Paid wages	68
„	21.	Barton & Co. accept our draft for	26
„	22.	Sold goods for cash	200
„	31.	Paid wages and office expenses	47
„	31.	Jameson & Hicks each draw £20	37
			40

All payments are made by cheques and all amounts received are paid into the bank upon receipt. Stock in hand on December 31, 1909, is valued at £3200, Premises at £1900.

(6) 1912.

(Two hours.)

[Handwriting and neatness of work will be considered in awarding marks.]

Messrs. King and Longsdon are partners on the following terms:

1. Longsdon receives a salary of £400 a year, payable half-yearly, for his services as manager.

2. At the end of each year interest at the rate of 4 per cent. per annum is added to the capital standing to the credit of each partner at the beginning of the year.

3. The net profit or loss at the end of each year is to be shared by the partners in the ratio of their capital at the beginning of the year.

On 30 November, 1910, their books showed the following balances:—

	£
Sundry Creditors	1230
Sundry Debtors	875
Rent	220
Salary	200
Wages, etc.	3570
Purchases	1290
Sales	5618
Bank (account overdrawn)	27
Longsdon—Current A/c (Credit balance)	100
Longsdon—Capital on 1 Jan. 1910	2500
King	4500
Stock	6345
Bills Receivable	1475

Their transactions during December, 1910, were as follows:—

		£
Dec.	1. Sundry Bills Receivable matured this day and were paid into Bank	417
„	3. Sold Goods for Cash £437, and to Sundry Debtors £581..	1018
„	7. Received from Sundry Debtors, Cash	337
	and allowed them discount	12
„	15. Acceptances granted to Sundry Creditors	525
„	27. Goods valued at £250 wholly destroyed by fire	250
	These were fully insured with the Alliance Assurance Company.	
„	30. Accepted from J. Allen (whose account is included under Sundry Debtors) a composition of 6s. 8d. in the £. Received accordingly his cheque for	85
	and wrote off the remainder of his account as a Bad Debt	170
„	31. Longsdon drew half of his salary for the six months July-Dec.	100
	Paid Wages £355, Rent for Dec. £20 and Sundry Creditors £400	775
	Received from the Alliance Insurance Company on account of Goods destroyed by fire on 27 December..	250

All payments are made by cheque, and all amounts received are paid into the bank upon receipt. Stock in hand on 31 December, 1910, was valued at £5706.

(7) 1912.

(Two hours.)

[Handwriting and neatness of work will be considered in awarding marks.]

Messrs. Hide and Tanner are partners in a manufacturing business under the following agreement:—

1. At the end of each half-year interest at the rate of 4 per cent. per annum is to be added to the capital standing to the credit of each partner at the beginning of the half-year.

2. Depreciation is to be reckoned at the end of each year at the rate of 10 per cent. on Plant and Machinery and 5 per cent. on Premises.

3. At the end of each year the net profit or loss is to be shared equally by the partners.

On 1 January, 1911, the capital of the firm was £25,000 of which Hide held £10,000 and Tanner £15,000. On 30 June Hide increased his capital by paying into bank £1000, while Tanner drew £500.

On 30 November, 1911, their Ledger showed the following balances:—

	£
Hide's Capital (on 1 July)	11,200
Tanner's Capital (on 1 July)	14,800
Interest (Jan.-June)	500
Wages and Trade Expenses	3475
Bills Payable	540
Premises	16,000
Plant and Machinery	5500
Stock of finished Goods and Materials on 1 Jan., 1911	12,500
Bank	325
Sales	15,800
Purchases	2240
Sundry Creditors	1375
Sundry Debtors	3175

Their transactions during December, 1911, were as follows:—

	£
Dec. 4. Sundry Debtors paid	550
„ 6. Sundry Bills Payable matured, and were paid by Bank	300
The rest were discounted with their holders, who accepted	
in lieu of them	233
„ 15. Bought Materials, for Cash £127, from Sundry Creditors	
£211	338
„ 16. Sold Goods for Cash £475 to Sundry Debtors £513	988
„ 18. Sold by Auction for Cash Goods belonging to J. Allen ..	220
and charged him Commission £22, Expenses of Sale,	
paid this day, £10	32
„ 22. Despatched to Curzon & Co., Calcutta, to be sold by them	
on Commission, Goods taken out of Stock and valued	
at	2390
and paid on account of this Consignment Insurance,	
Freight, etc.	70
„ 23. Granted Bills to Sundry Creditors	1400
„ 30. Paid Wages and Trade Expenses	300

All payments are made by cheque, and all amounts received are paid into the bank upon receipt. Stock in hand on 30 December, 1911, was valued at £1816.

(8) 1914.

(Two hours.)

[*Journal paper is supplied and may be used ; but candidates who journalise will be given no preference over those who make all entries direct into the Ledger. Handwriting and neatness of work will be considered in awarding marks.*]

Messrs. John Ford and William Marston are partners on the following terms:—

1. Marston receives a salary of £600 a year as manager. Ford's capital is to be credited with interest at the rate of 4 per cent. per annum.

2. Ten per cent. per *annum* of the Gross Profits are to be added to a Reserve Fund.

3. One-third of the Net Profit is to be credited to William Marston and two-thirds to John Ford.

On May 30th, 1914, their Assets and Liabilities are as follows:—

	£		£
Cash	4000	Sundry Creditors	2490
Stock of Corn valued at ..	5020	Bills Payable	510
Bills Receivable	480	John Ford, Capital ..	9000
Business Premises	9000	William Marston, Capital ..	9000
Sundry Debtors	2500		
	<hr/>		<hr/>
	£21,000		£21,000
	<hr/>		<hr/>

Their transactions during June, 1914, were as follows:—

		£
June 2.	Sold Corn to Sundry Debtors	740
„ 6.	Bought Corn from Sundry Creditors	450
„ 9.	Paid Sundry Creditors	340
„ 18.	Discounted Sundry Bills Receivable:	
	Receiving Cash	309
	and being charged discount	5
„ 24.	Bought Corn for Cash	130
„ 27.	Wrote off as Bad Debt	200
„ 30.	Salary due to Marston (1 month)	50
	Paid Wages	120
„ 30.	Wrote off depreciation on Business Premises	50
	Stock of Corn on June 30th, valued at	5460

(9) 1917.

(Two hours.)

[Candidates who journalise will be given no preference over those who make all entries direct into the Ledger. Handwriting and neatness of work will be considered in awarding marks.]

Messrs. D. Lewis and J. Richardson are partners on the following terms:—

1 Each partner is to be credited with interest at the rate of 5 per cent per annum.

2 Net Profits are to be divided as follows, viz. Lewis two-thirds, Richardson one-third.

On May 31, 1917, the following balances appeared in their Ledger:—

	£
D. Lewis, Capital	12,000
J. Richardson, Capital	4800
Stock of Carpets	2420
Cash	2740
Bills Receivable	865
Bills Payable	824
Business Premises	10,000
Sundry Debtors	4240
Sundry Creditors	2641

Their transactions during June, 1917, were as follows:—

	£
June 2. Sold carpets to Sundry Creditors	530
„ 4. Bought carpets for Cash	1212
„ 7. Discounted Bill Receivable:	
Cash	500
Discount	40
„ 9. Consigned carpets to Naples	1200
„ 9. Paid charges on the same	50
„ 11. Paid our Acceptance	430
„ 14. Bought carpets from Sundry Debtors	1560
„ 25. Received cheque, net proceeds of consignment to Naples	1410
„ 25. Sold carpets for Cash	350
„ 30. Wrote off Depreciation on Business Premises	100
„ 30. Paid clerks' salaries	60
„ 30. Partners' Interest (1 month)	—
„ 30. Stock of carpets valued at	2142

(10) 1917.

(Two hours.)

[Candidates who journalise will be given no preference over those who make all entries direct into the Ledger. Handwriting and neatness of work will be considered in awarding marks.]

Messrs. T. Jones and W. Roberts are partners on the following terms:—

1. Each partner is to be credited with interest at the rate of 5 per cent. per annum.

2. Net Profits are to be divided equally.

On May 31st, 1917, the following balances stood in the Ledger:—

	£
T. Jones, Capital	3600
W. Roberts, Capital	6000
Stock of Oil	2000
Bills Receivable	476
Bills Payable	340
Sundry Debtors	768
Sundry Creditors	1225
Business Premises	6910
Cash	1011

Their transactions during June, 1917, were as follows:—

	£
June 2. Sold oil to Sundry Creditors	200
„ 5. Sundry Debtors paid Cash	68
„ 9. Bought oil from Sundry Debtors	500
„ 15. Discounted Bill Receivable	
Cash	124
Discount	5
„ 18. Bought oil for Cash	250
„ 23. Consigned oil to Milan	480
„ 25. Paid charges on the same	25
„ 30. Received cheque, net proceeds of consignment	550
„ 30. Paid clerks' salaries	70
„ 30. Partners' interest (1 month)	—
„ 30. Wrote off depreciation on Business Premises	100
„ 30. Stock of oil valued at	2500

(II) 1921).

(Two hours.)

[Candidates who journalise will be given no preference over those who make all entries direct into the Ledger. Handwriting and neatness of work will be considered in awarding marks.]

The terms of partnership between Hope and Prosper are as follows:—

1. At the end of each year the capital of each partner is to be credited with interest at the rate of 6 per cent. per annum.
2. At the end of each year 10 per cent. of the value of the Premises is to be written off for Depreciation.
3. After these adjustments have been made, 5 per cent. of the net profits is to be carried to the Reserve Fund, to which Bad Debts are to be debited.
4. The remaining profits are to be divided between the partners proportionately to their respective Capitals.

At the end of November, 1920, their Ledger showed the following balances:—

							£
Hope, Capital on Jan. 1, 1920 .. .. .	..	..	..	..	..	..	4000
Prosper, " " " " " " .. .. .	..	..	..	..	..	..	8000
Stock in hand on Jan. 1, 1920 .. .. .	..	..	..	..	..	..	8070
Purchases .. .. .	..	..	..	..	..	..	2496
Sales .. .. .	..	..	..	..	..	..	4824
Bills Receivable .. .. .	..	..	..	..	..	..	750
Bills Payable .. .. .	..	..	..	..	..	..	240
Sundry Creditors .. .. .	..	..	..	..	..	..	200
Reserve Fund .. .. .	..	..	..	..	..	..	300
Office Expenses .. .. .	..	..	..	..	..	..	528
Salaries (Clerks) .. .. .	..	..	..	..	..	..	360
Premises .. .. .	..	..	..	..	..	..	5400
Cash (Bank) overdraft .. .. .	..	..	..	..	..	..	40

Their transactions during December, 1920, were as follows:—

1920						£
Dec.	4.	Sold Goods to Sundry Debtors	..	..	..	820
„	8.	Discounted a Draft for £300 for	..	..	..	296
„	9.	Drew on Sundry Debtors for	..	..	..	700
		Received their acceptances				
„	10.	Sent consignment of Goods to Turin	..	..	..	942
„	11.	Paid charges on the same	..	..	..	42
„	12.	Bought Goods from Sundry Creditors	..	..	..	124
„	17.	Received cheque from Jones in payment of an $\frac{a}{c}$ written off in 1919 as a Bad Debt	..	..	..	78
„	20.	Received proceeds of sale of consignment to Turin	..			1056
		Paid Office Expenses	..	..	..	24
		Partners' Interest				
		Depreciation of Premises				
		Stock of Goods valued at	..	..	..	7932

(See fully worked key pp. 38—48).

(12) 1921.

(Two hours.)

[Candidates who journalise will be given no preference over those who make all entries direct into the Ledger. Handwriting and neatness of work will be considered in awarding marks.]

The terms of partnership between North and West are as follows:—

1. At the end of each year the capital of each partner is to be credited with interest at 6 per cent. per annum on the amount of capital at the beginning of the year.

2. At the end of each year 10 per cent. of the value of the Premises is to be written off for Depreciation.

3. After these adjustments have been made 5 per cent. of the net profits is to be carried to the Reserve Fund to which any Bad Debts are to be debited.

4. The remaining profits are to be divided between the partners as follows: one-third to North and two-thirds to West.

At the end of November, 1920, their Ledger showed the following balances:—

								£
North, Capital on Jan. 1, 1920	..	..	..	..	..	..	..	8000
West, „ „ „	..	..	..	..	..	..	..	3000
Business Premises	..	..	..	..	..	..	..	6500
Stock, Jan. 1, 1920	..	..	..	..	..	..	..	8700
Purchases	..	..	..	..	..	..	..	3420
Sales	..	..	..	..	..	..	..	7842
Cash (Bank)	..	..	..	..	..	..	..	413
Bills Receivable	..	..	..	..	..	..	..	450
Bills Payable	..	..	..	..	..	..	..	276
Reserve Fund	..	..	..	..	..	..	..	900
Sundry Debtors	..	..	..	..	..	..	..	492
Sundry Creditors	..	..	..	..	..	..	..	284
Office Expenses	..	..	..	..	..	..	..	327

Their transactions during December, 1920, were as follows:—

1920								£
Dec. 4.	Sold Goods to Sundry Debtors	..	..	..	..	..	..	940
„ 6.	Sundry Debtors accepted my Drafts for	..	..	..	..	..	..	1000
„ 9.	Wrote off an $\frac{a}{c}$ (included in Sundry Debtors) as a Bad Debt	..	..	..	..	..	..	125
„ 13.	Bought from Sundry Creditors	..	..	..	..	..	..	849
„ 17.	Accepted Drafts for	..	..	..	..	..	..	700
„ 20.	Paid Sundry Creditors in full settlement of $\frac{a}{c}$ amounting to £433	..	..	..	..	..	..	430
„ 24.	Discounted Draft for £300	..	..	..	..	..	..	298
„ 31.	Cash Sales for month	..	..	..	..	..	..	453
„ 31.	Paid Office expenses	..	..	..	..	..	..	42
	Partners' Interest							
	Depreciation on Premises							
	Stock in hand valued at	..	..	..	..	..	..	7402

<i>Dr.</i>	BANK A/C.		<i>Cr.</i>	
1920	£	s. d.	£	s. d.
Dec. 8. To Bills Receivable ..	296	0 0		
" 17. " Jones for B/D written off in 1919 ..	78	0 0	..	40 0 0
" 20. " Consignment to Turin A/c	1056	0 0	..	42 0 0
			..	24 0 0
			..	1324 0 0
			£1430	0 0

[illegible]

PURCHASES A/C.			
1920		£	s. d.
Dec. 1.	To Balance b/f	2496	0 0
" 12.	" Sundry Creditors	124	0 0
		<hr/>	
		£2620	0 0
		<hr/>	

Dr.	SALES A/C.		Cr.	
	1920	£ s. d.	£ s. d.	
Dec. 31. To Transfer to Trading A/c	1920	5644 0 0	4824 0 0	..
			820 0 0	..
		<u>£5644 0 0</u>	<u>£5644 0 0</u>	
SUNDY CREDITORS' A/C.				
1920	1920	£ s. d.	£ s. d.	
Dec. 31. To Balance c/f	Dec. 1. By Balance b/f	324 0 0	200 0 0	..
	" 12. " Purchases		124 0 0	..
		<u>£324 0 0</u>	<u>£324 0 0</u>	
SUNDY DEBTORS' A/C.				
1920	1921	£ s. d.	£ s. d.	
Dec. 4. To Sales	Jan. 1. By Balance c/f	820 0 0	324 0 0	..
		<u>£820 0 0</u>	<u>£324 0 0</u>	
1921		£120 0 0		
Jan. 1. To Balance b/f				

Dr.	1920	BILLS RECEIVABLE A/C.		1920	Cr.
		£	s. d.	Dec. 8.	£ s. d.
Dec. 1. To Balance b/f	..	750	0 0	By Sundries	300 0 0
" 9. " Sundry Debtors	..	700	0 0	" 31. " Balance c/f	1150 0 0
		£1450	0 0		£1450 0 0

1921	Jan. 1.	To Balance b/f	..	£1150	0	0			

PREMISES A/C.				
1920		£	s. d.	
Dec. 1.	To Balance b/f	..	5400 0 0	
				1920
				Dec. 31.
				By Depreciation @ 10%
				" 31 "
				Balance c/f
				..
				..
				£
				s. d.
				540 0 0
				4860 0 0
				£5400 0 0

1921	Jan. 1. To Balance b/f
..	£4860 0 0

<i>Dr.</i> 1920	RESERVE FUND A/C.		<i>Cr.</i>	
	FOLIO	£ s. d.	FOLIO	£ s. d.
Dec. 31. By Balance c/f	390 2 0	Dec. 1. By Balance b/f	300 0 0
			" 31. " Net Profit 5%	90 2 0
		<u>£390 2 0</u>		<u>£390 2 0</u>
			1921	
			Jan. 1. By Balance b/4	£390 2 0

OFFICE EXPENSES A/C.

1920	OFFICE EXPENSES A/C.			
	FOLIO	£ s. d.	FOLIO	£ s. d.
Dec. 1. To Balance b/f	528 0 0	Dec. 31. By Transfer to Profit and Loss A/c	552 0 0
" 31. " Cash	24 0 0		
		<u>£552 0 0</u>		<u>£552 0 0</u>

CONSIGNMENT TO TURIN A/C.

1920	CONSIGNMENT TO TURIN A/C.			
	FOLIO	£ s. d.	FOLIO	£ s. d.
Dec. 10. To Stock	942 0 0	Dec. 20. By Cash	1056 0 0
" 11. " Cash	42 0 0		
" 31. " Transfer to Profit & Loss	72 0 0		
		<u>£1056 0 0</u>		<u>£1056 0 0</u>

Dr.	SALARIES A/C.		Cr.
	1920	1920	
Dec. 1.	To Balance b/f ..	Dec. 31. By	£ s. d.
		Transfer to Profit and Loss A/c ..	360 0 0
			<u>£360 0 0</u>

DISCOUNT A/C.		£ s. d.
1920	1920	
Dec. 8.	To Bills Receivable ..	4 0 0
		<u>£4 0 0</u>
		£ s. d.
		4 0 0
		<u>£4 0 0</u>

PARTNERS' INTEREST A/C.		FOLIO	£ s. d.
1920	1920		
Dec. 31.	To Hope's Capital A/c ..	Dec. 31. By	720 0 0
	„ Prosper's Capital A/c ..	Transfer to Profit and Loss A/c ..	720 0 0
			<u>£720 0 0</u>

TRIAL BALANCE.

	FOLIO	£ s. d Dr.	£ s. d Cr.
Capital—			
Hope ..	..		4240 0 0
Prosper ..	..		8480 0 0
Bank ..	1324 0 0	0	
Purchases ..	2620 0 0	0	
Sales ..			5644 0 0
Bills Receivable ..	1150 0 0	0	
Bills Payable ..			240 0 0
Sundry Debtors ..	120 0 0	0	
Sundry Creditors ..			324 0 0
Premises ..	4860 0 0	0	
Reserve Fund ..			300 0 0
Partner's Interest ..	720 0 0	0	
Salaries ..	360 0 0	0	
Office Expenses ..	552 0 0	0	
Depreciation ..	540 0 0	0	
Bad Debts ..			78 0 0
Discount ..	4 0 0	0	
Consignment to Turin ..			72 0 0
Stock ..	7128 0 0	0	
	<u>£19378</u>	<u>0 0</u>	<u>£19378 0 0</u>

Dr.	TRADING ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER, 1920.	FOLIO		Cr.	
		£	s. d.	£	s. d.
To Transfer from Stock A/c	...	7128	0 0	By Transfer from Sales A/c	.. 5644 0 0
" Transfer from Purchases	..	2620	0 0	" Stock on hand	.. 7932 0 0
" Gross Profit	..	3828	0 0		
		<u>£13576 0 0</u>			<u>£13576 0 0</u>
1921					
Jan. 1. To Stock	..	<u>£7932 0 0</u>			

Dr.										PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER, 1920.										Cr.																
										£					s.					d.		£		s.		d.										
To Salaries		By Gross Profits		..					..		3828		0		0	
" Partner's Interest											" Consignment to Turin		..					..		72		0		0	
" Office Expenses											" Bad Debts		..					..		78		0		0	
" Discount																									
" Depreciation																				540		0		0	
" Net Profit																				1802		0		0	

NET PROFIT ACCOUNT.

To Reserve Fund ..	£	s.	d.	By Net Profit	£	s.	d.
" Hope's Capital $\frac{1}{3}$ rd	570	12	8		1802	0	0
" Prosper's Capital $\frac{2}{3}$ rds	1141	5	4				
			<u>1711 18 0</u>				
					<u>£1802 0 0</u>		

BALANCE SHEET OF MESSRS. HOPE & PROSPER FOR THE YEAR ENDED 31ST DECEMBER, 1920.

LIABILITIES.		£	s.	d.	£	s.	d.
Bills Payable	..	..			240	0	0
Sundry Creditors	..	..			324	0	0
Reserve Fund	..	300	0	0			
Add 5% Net Profit	..	90	2	0			
					390	2	0
Capital—							
Hope	..	4000	0	0			
Add Interest @ 6%	..	240	0	0			
Add $\frac{1}{3}$ Net Profit	..	570	12	8			
					4810	12	8
Prosper	..	8000	0	0			
Add Interest @ 6%	..	480	0	0			
Add $\frac{2}{3}$ Net Profit	..	1141	5	4			
					9621	5	4
					£15386	0	0

ASSETS.		£	s.	d.	£	s.	d.
Bank	..	..			1324	0	0
Bills Receivable	..	..			1150	0	0
Sundry Debtors	..	..			120	0	0
Stock on hand			7932	0	0
Premises	..	5400	0	0			
Less Depreciation	..	540	0	0			
					4860	0	0
					£15386	0	0

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